

# SNA WAIVER

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April 2013

**Redacted for Public Inspection**

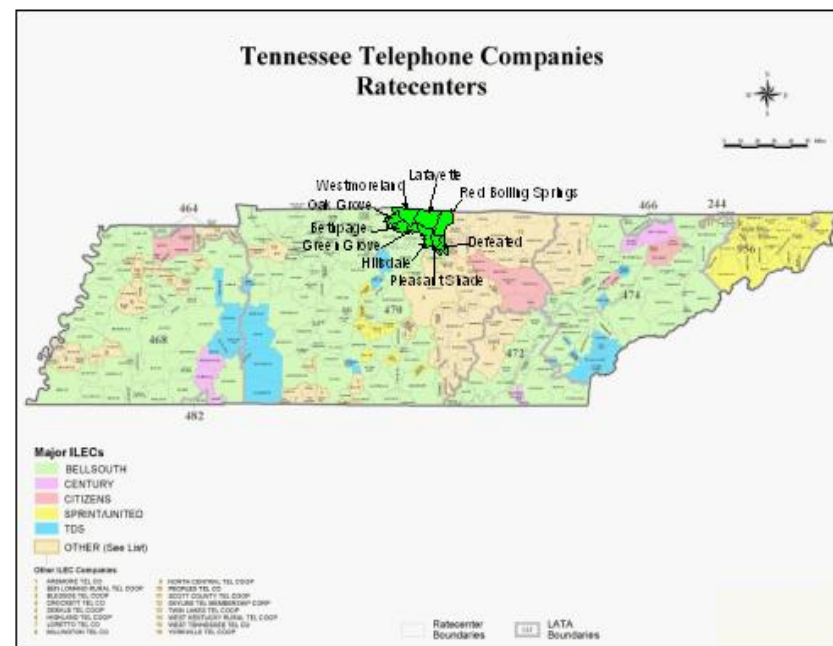
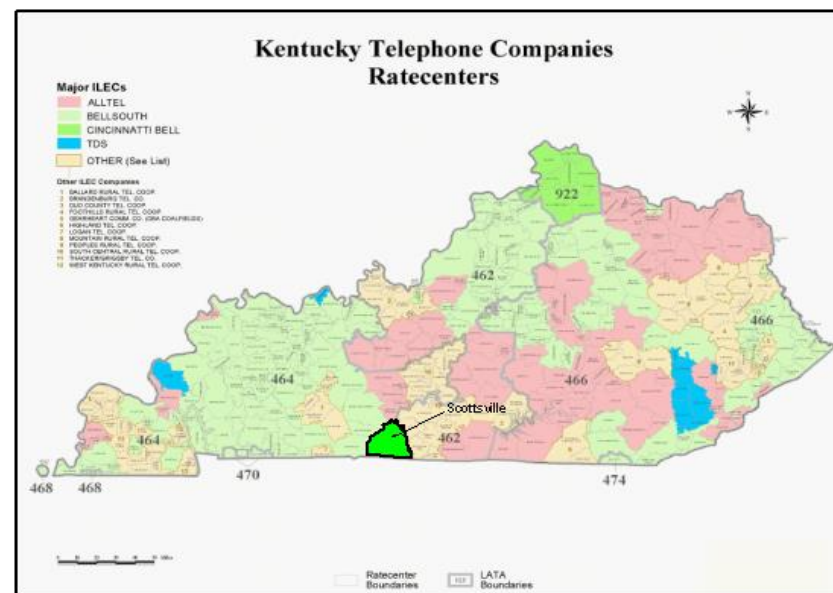
## NCTC Seeks

- **Reinstatement , *nunc pro tunc*, of the Safety Net Additive support which would have begun February 2012 but for the rule changes adopted in Commission's *Transformation Order*** [REDACTED]
  - NCTC made extensive capital investments in 2010 to upgrade rural plant that qualified it for SNA support without regard to line losses. [REDACTED]
  - Investments were an essential piece of a multi-year development plan consistent with The National Broadband Plan
  - Funded by Traditional RUS loan and operating cash flow
  - Elimination of SNA caused NCTC to modify its deployment plans – deferring a number of investments which would have:
    1. **Resulted in lowering annual operating costs** – accelerated removal of aged copper plant – lowering annual maintenance costs; efficiency programs leveraging new management system; network monitoring improvements; real time dispatch.
    2. **Increased broadband availability in very rural areas** – reduced loop lengths to increase speeds from dial-up to broadband
    3. **Increased broadband adoption rates** – community broadband adoption lab, enterprise services, rural healthcare services, extended community Wi-Fi

# NCTC Operations

- **Cooperative organized in 1951 by residents – Bell would not serve**
- **Economically Disadvantaged Area**
  - Median income is 65% below national level
  - 20 - 25% of persons below the poverty level
  - 7-10% have Bachelor or higher degree (vs. 28% nationally)
  - 10 businesses over 100 employees (Macon/Allen County's)
  - Limited infrastructure – 40 miles to interstate / 55 miles to commercial airport
  - Wireless available along state highway corridors & in towns
  - Cable service limited to two main TN population centers

929 sq. miles in geographically challenged area



## NCTC Subscriber Summary

- Line loss less than [REDACTED] vs. 6-8% nationally - [REDACTED] household penetration
- Internet growing at [REDACTED], BB growing at [REDACTED] +
- Video subscribers growing at [REDACTED]



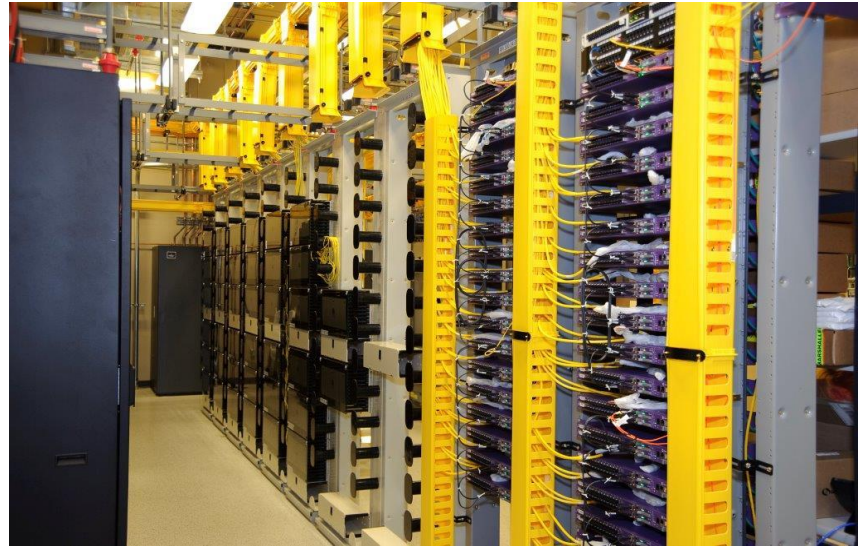
## NCTC Broadband Plan (See Maps)

- 2008 NCTC began its 21<sup>st</sup> Century network plan designed to:
  - Bring high speed broadband to the entire rural serving area
  - Reduce cost and improve efficiency
- NCTC's aged copper plant and long loop lengths severely limited internet capabilities
- The hybrid copper/FTTP plan – began in Lafayette, Red Boiling Springs, and the northern half of Allen county
- [REDACTED] the 2010 ARRA BIP \$49.7M (loan/grant) first round award
  - Six underserved areas (14.8K households or about 73% of serving area)
  - 1,000 mainline fiber miles, fiber drops to 30% of homes passed (5,600)
  - [REDACTED]
- Commercial loans & cash flow investment to accelerate network transformation
  - Class 3 data center, IP network equipment – IP softswitch, routers and new management system

[REDACTED]



## NCTC – Data Center & Future Customer Broadband Lab



## Network Upgrade - Benefits

- **Healthcare** – 30 Mbps connection to local Critical Access Hospital to access healthcare professionals for faster/lower cost treatment (Vanderbilt Neurology and Psychology, HCA Tristar Nashville Telemedicine trials)
- **Education** – [REDACTED]  
[REDACTED] Cumberland University established satellite campus
- **Business** – [REDACTED]  
[REDACTED]
- **Public Safety** – EMS – node on 10 Gbps fiber ring plus Hosted VoIP solution
- **Wireless** – [REDACTED]  
[REDACTED]  
[REDACTED]

# Lafayette Technology Park

- Purchased 2012
- Focused on utilizing NCTC IP infrastructure
- 100 acres
- \$1M investment
- Target high tech service business





# Cost & Efficiency Management

- NCTC has and continues to proactively look for cost reductions and efficiencies to lower operating costs and improve customer service
- Examples:

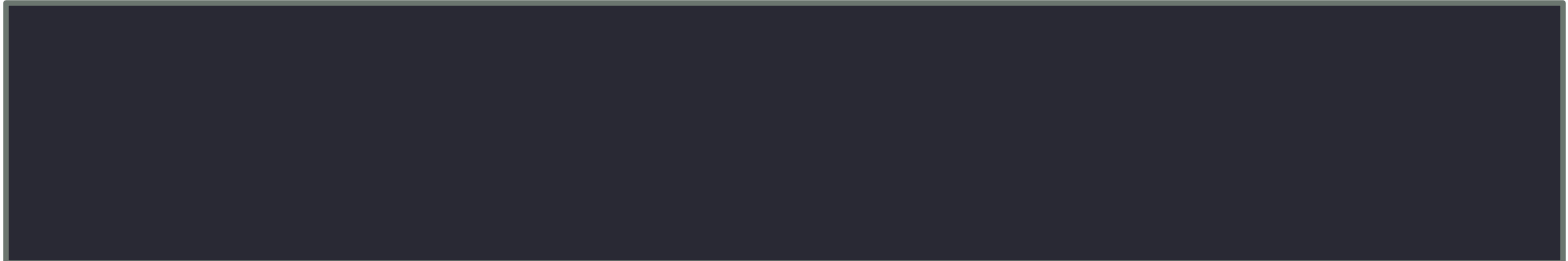


# SNA Waiver – Impacted Programs

## 1. Broadband Deployment – Access and Adoption



## 2. Systems and Business Process Improvements



## 3. Expansion of Business Services



## Summary – Waiver Would Be in Public Interest

- Improved service and lower costs would be consistent with broadband deployment goals of Sec. 254, National Broadband Plan and *Transformation Order*
- Consistent with established waiver standards, NCTC provided all information required by *Transformation Order*
- No alternative supplier for vast majority of area.
- NCTC's 2010 Investment Made Prior to FCC proposal to eliminate SNA Support
- NCTC qualified for SNA support based on investment not line loss

## NCTC Contact Information

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